

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 HA-05 SP-02
USIA-06 AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 L-03 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 SNM-05 /122 W
-----044333 191232Z /10

R 181300Z MAR 78
FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 2181
INFO AMEMBASSY COPENHAGEN
USUN NEW YORK 393
USMISSION GENEVA
AMEMBASSY BRUSSELS

C O N F I D E N T I A L PORT OF SPAIN 0880

GENEVA FOR MTN

BRUSSELS FOR USEC

E.O. 11652: GDS
TAGS: EFIN, ETRD, SHUM, TD
SUBJECT: "NON-ECONOMIC" RESTRICTIONS ON OPERATIONS OF
INTERNATIONAL FINANCIAL INSTITUTIONS

REFERENCES: A) STATE 015725
B) STATE 045685
C) STATE 031614

1. MINISTER OF EXTERNAL AFFAIRS JOHN DONALDSON CALLED
ME IN MARCH 15 TO EXPRESS CONCERN OF GOTT ON US INSER-
TION OF NON-ECONOMIC CRITERIA INTO LENDING ACTIVITIES OF
IBRD AND OTHER INTERNATIONAL FINANCIAL INSTITUTIONS.
HE CITED PARTICULARLY CONSTRAINTS ON US SUPPORT OF IBRD
LOANS TO COUNTRIES WITH HUMAN RIGHTS PROBLEMS AND ON
USED OF IBRD FUNDS FOR EXPORT OF PALM OIL, SUGAR, AND
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CITRUS. (NOTE: EMBASSY IS NOT FAMILIAR WITH PROPOSAL
TO RESTRICT US VOTE ON IBRD LOANS FOR EXPORTS OF TROPICAL
PRODUCTS; CAN DEPARTMENT CLARIFY?)

2. DONALDSON ALSO EXPRESSED CONCERN AT IMPACT OF CUR-
RENT PROTECTIONIST ATMOSPHERE ON RESUMPTION OF NORTH-
SOUTH DIALOGUE, WHICH HE FEELS WILL BE MUCH LESS USEFUL

IF IT TAKES PLACE IN THIS CLIMATE.

3. GOTT IS PARTICULARLY DISTURBED BY PROSPECT THAT INTERJECTION OF NON-ECONOMIC ISSUES INTO OPERATIONS OF IFIS MAY SNOWBALL. HE CITED RECENT EC MOVES TO EXCLUDE UGANDA FROM BENEFITS OF ACP AGREEMENTS AS ANOTHER EXAMPLE, AND NOTED THAT WHILE HE HOLDS NO BRIEF FOR UGANDA, HE IS CONCERNED AT POSSIBLE IMPLICATIONS FOR ACP NEGOTIATIONS SCHEDULED TO BE HELD IN JULY. HE ALSO NOTED THAT SOME COUNTRIES MAY HAVE DIFFERENT IDEAS THAN US ON WHAT CONSTITUTES HUMAN RIGHTS, WHICH COULD CAUSE ADDED PROBLEMS FOR INTERNATIONAL COMMUNITY IF US EXAMPLE ON LOANS TO IFIS BECOMES MORE WIDESPREAD.

4. DONALDSON SAID HE HOPED THAT BECAUSE GOTT IS NOT A SUBSTANTIAL BORROWER FROM IBRD, THEIR VIEWS WOULD CARRY SOME WEIGHT AS A RELATIVELY DISINTERESTED OBSERVER (ALTHOUGH THEY HAVE BORROWED FROM IBRD TO FINANCE MODERNIZATION OF SUGAR MILL). WHILE DONALDSON DID NOT SAY SO, IT SHOULD ALSO BE NOTED THAT TRINIDAD AND TOBAGO HAS NOT BEEN TROUBLED BY HUMAN RIGHTS CONCERNS.

5. I EMPHASIZED COMMITMENT OF ADMINISTRATION TO RESIST PROTECTIONIST PRESSURES IN ANY FORM, AND NOTED THAT US SUPPORTS OVERVIEW MECHANISM IN UN TO FOCUS NORTH-SOUTH DIALOGUE INTO CONSTRUCTIVE CHANNELS, AS WELL AS A RESUMPCONFIDENTIAL

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TION OF DISCUSSIONS ON THE COMMON FUND. I POINTED OUT THAT WHILE OUR REPRESENTATIVES TO INTERNATIONAL AGENCIES HAVE BEEN INSTRUCTED TO TAKE PROGRESS TOWARD HUMAN RIGHTS INTO ACCOUNT IN CONSIDERING OUR POSITION ON AID PROGRAMS, THE ADMINISTRATION OPPOSES--AS DOES IBRD--RESTRICTIONS ON USE OF FUNDS BY THE BANK ITSELF. IT WAS POINTED OUT TO DONALDSON THAT CONTRIBUTION BY THIRD WORLD COUNTRIES TO MTN WAS CONSIDERED IMPORTANT PRECISELY BECAUSE IT WOULD HELP ADMINISTRATION TO RESIST CONGRESSIONAL PASSAGE OF PROTECTIONIST MEASURES AIMED AT THEIR PRODUCTS.

6. COMMENT: MEETING WAS CORDIAL, AND DONALDSON'S REMARKS INDICATED UNDERSTANDING OF DISTINCTION BETWEEN ADMINISTRATION'S POSITION ON THE ISSUES AND CONSTRAINTS IMPOSED BY CONGRESSIONAL MANDATE. PERMANENT SECRETARY IN MINISTRY OF FINANCE FRANK BARSOTTI, WHO AUTHORED CABINET MINUTE ON WHICH DONALDSON'S DEMARCHE WAS BASED, ALSO PARTICIPATED IN THE MEETING.
FOX

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NNN

Message Attributes

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Draft Date: 18 mar 1978
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Disposition Approved on Date:
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Disposition Reason:
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TAGS: EFIN, ETRD, SHUM, TD, US, IBRD, (DONALDSON, JOHN)
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